

Source: The Himalayan Times; 30 Sep 2015

Petrol crisis hits hydel

Construction of the 50 MW Upper Marshyangdi Hydropower Project in Lamjung has suffered a setback due to shortage of petroleum products, specifically diesel, following the blockade by agitating groups on the Nepal-India border.

According to public contact officer of the project Arjun Gurung, the project site office has been closed for the time being due to shortage of necessary petroleum products. “The bandh has also caused short supply of iron rods, cement and other construction materials, besides the scarcity of petrol and gas,” said Gurung.

A total of 950 workers, including 150 from China, have been working at the run-of-the-river type power project. According project sources, 87 per cent work has been completed so far. The project has a 6.5 km tunnel to channel water from the dam site at Nandi of Bhulbhule to the powerhouse built on the banks of Marshyangdi River in Bhulbhule-3.

Sino Hydro, a Chinese company, and Sagarmatha Hydropower have invested 90 and 10 per cent of the total cost respectively. Nearly Rs 10 billion has been allocated for the project, which is expected to come into operation by mid-October next year.

Source: The Kathmandu Post; 2 October 2015

Mutual funds get HIDCL shares

Hydroelectric Investment and Development Company (HIDCL) has set aside 1 million shares for sale to mutual funds as required by law.

As per the Securities Act, a certain portion of the total shares offered to the public should be reserved for mutual funds. Similarly, the Mutual Fund Regulation states that 5 percent of the shares issued during an initial public offering (IPO) should be allocated for mutual funds.

State-owned HIDCL recently received the go-ahead from the Securities Board of Nepal to conduct an IPO worth Rs2 billion to increase its paid-up capital to Rs10 billion. Currently, its paid-up capital is Rs8 billion. The Citizen Investment Trust (CIT) has been named the issue manager for the IPO while NCM Merchant Banking and NMB Capital have been appointed as the co-issue managers.

According to the CIT, six mutual funds had applied for the shares, and they received shares worth Rs100 million. The CIT has planned to conduct an IPO for the general public and the company's employees before the Dashain festival in October.

The government has invested Rs5 billion and Rastriya Beema Sansthan, Citizen Investment Trust and Employees Provident Fund have provided Rs1 billion each. The remaining Rs2 billion worth of shares have been allotted to the general public. HIDCL was formed in 2011 to mobilize funds from domestic and international resources to finance medium-sized and large hydropower projects and transmission lines.

HIDCL has so far co-financed six hydropower projects with capacities ranging from 23.5 MW to 82 MW. It has financed projects like the Lower Solu (82 MW), Mistri Khola (42 MW), Khani Khola (30 MW), Dordi Khola (27 MW), Kabeli B1 (25 MW) and Solu Khola (23.5 MW).

HIDCL has sought to develop two mid-sized hydropower projects through its subsidiary company Remit Hydro.

Source: The Kathmandu Post; 2 October 2015

22MW power to be added to national grid

22MW electricity generated by the Maikhola Hydropower Project in Ilam will be added to the national grid on Friday, which is expected to give much needed relief to the people of the eastern region from load-shedding.

“As the country is reeling under a severe energy crisis, the addition of the 22MW power means a lot,” said Mukesh Raj Kafle, managing director of the Nepal Electricity Authority (NEA). “There were serious issues related to voltage in the eastern region and the added power will help us reduce it.”

The 22MW power is evacuated through a 132 kV transmission line under the first phase of the Kabeli corridor. The corridor will connect 90MW electricity generated by nine projects to the national grid.

As per the timeline, construction work on the Kabeli corridor should have been completed by July last year. But the NEA, which is responsible for the construction, has been extending the deadline time and again.

While an 11km-long power line to evacuate the energy was developed by the Maikhola project itself, the NEA constructed a 34.5km transmission line to take the energy to the Ilam substation. The NEA had expected to complete the first phase of transmission line by Dec 25, 2014. However, it took around nine more months.

The NEA had made efforts to connect the power generated by the Maikhola project to the national system on Thursday, but it was not possible due to some technical glitch. “However, we have now analysed the issue and we will resume the task on Friday,” said Sanima Mai Hydropower Company CEO Subarna Das Shrestha. Shrestha said 7MW energy will be first evacuated, and will be gradually raised to 10MW, 15MW and 22MW. “Full-fledged supply, however, will not take much time,” he said.

The project has been built with 70 percent financing by Non-Resident Nepalis, 10 percent by locals and 20 percent by the general public through an initial public offering.

The company is also developing 7MW Mai Cascade Hydropower Project. Shrestha said the company has completed construction of the cascade project. “We will soon be conducting a test,” he said,

adding since the transmission line is already in place, the project will be able to deliver energy as soon as it begins generation.